

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-10

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /094 W

----- 051631

R 141814Z MAY 75

FM AMEMBASSY BERLIN

TO SECSTATE WASHDC 812

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL MILAN

USMISSION USBERLIN UNN

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C O R R E C T E D C O P Y (PARIS AS INFO ADDEE)

E.O. 11652: N/A

TAGS: EGEN, EFIN, GE, FR, IT

SUBJECT: FRENCH AND ITALIAN BANKS TO OPEN OFFICES IN EAST BERLIN

1. THE CREDIT LYONNAIS, THE SOCIETE GENERAL AND THE BANCA COMMERCIALE ITALIANA HAVE RECEIVED EAST GERMAN PERMISSION TO OPEN REPRESENTATIVE OFFICES IN EAST BERLIN. AS REPORTED IN NEUES DEUTSCHLAND ON MAY 7, THE "RESONSIBLE GDR AUTHORITY" (READ MINISTRY OF FOREIGN TRADE) HAD THE PREVIOUS DAY APPROVED THE BANKS' APPLICATIONS.

2. THESE WILL BE THE FIRST NON-GDR BANKS TO OPEN THEIR DOORS IN EAST BERLIN, BUT IT IS BY NO MEANS CLEAR WHAT TANGIBLE BENEFITS THE INVOLVED INSTITUTIONS, INCLUDING

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THOSE ON THE GDR SIDE, EXPECT TO DERIVE FROM THE STEP.

THE THREE BANKS ARE WELL-INTRODUCED IN THE GDR AND PLAY AN IMPORTANT ROLE IN THE FINANCING OF THE NOT INSIGNIFICANT TRADE VOLUME BETWEEN THE GDR AND FRANCE AND ITALY. THE NEW BANK OFFICES REPORTEDLY WILL PROVIDE NO BANKING SERVICES. AN OFFICIAL OF THE FOREIGN TRADE BANK (DEUTSCHE AUSSENHANDLESBANK-DABA) HAS CLAIMED, LAMELY IT SEEMS, THAT THE PRESENCE OF THESE BANKS LOCALLY WILL SPARE THE DABA THE TROUBLE AND EXPENSE OF COMMUNICATING WITH THE BANKS' HOME OFFICES. THIS IS TRUE, BUT A TRANSFER OF FUNCTIONS TO THE REPRESENTATIVE OFFICES IS ALL THAT WOULD BE INVOLVED UNLESS THE BANKS PLAN TO VEST THEIR BERLIN AGENTS WITH FAR-REACHING AUTHORITY.

3. THE EAST GERMAN OFFICIAL ALSO INDICATED THAT THE DABA MIGHT IN THE NEAR FUTURE SEEK TO OPEN, FOR PRESTIGE AS WELL AS FOR LEGITIMATE COMMERCIAL REASONS, ITS FIRST FOREIGN OFFICES IN LONDON, PARIS AND MILAN. BEFORE DOING SO, HOWEVER, THE NAME OF THE BANK MIGHT BE CHANGED TO AUSSENHANDELSBANK DER DDR TO PREVENT POSSIBLE CONFUSION IN FOREIGN MINDS AS TO WHICH GERMAN STATE IT REPRESENTS.

4. THE EMBASSY UNDERSTANDS THAT AT LEAST ONE U.S. BANK, UNION BANK OF SAN FRANCISCO, IS ACTIVELY CONSIDERING THE ESTABLISHMENT OF AN OFFICE IN EAST BERLIN. UNION PLANS TO ASCERTAIN THE LIKELY GDR REACTION TO SUCH A MOVE PRIOR TO SUBMITTING A FORMAL APPLICATION; AND AN OFFICE, IF APPROVED, WOULD PROBABLY OPEN IN 1976 OR 1977.COOPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, BANK BRANCHES, COMMERCIAL BANKS, ESTABLISHMENT OF OFFICES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BERLIN05705
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750172-0429, D750170-0739
From: BERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750551/aaaabtnei
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 16 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 MAY 2003 by CunninFX>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRENCH AND ITALIAN BANKS TO OPEN OFFICES IN EAST BERLIN
TAGS: EGEN, EFIN, GC, FR, IT, CREDIT LYONNAIS, SOCIETE GENERAL, BANCA COMMERCIALE ITALIANA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006